

**WEST DUNBARTONSHIRE COUNCIL****Report by Chief Officer - Resources****Audit Committee: 15 February 2023**

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**Subject: CIPFA Guidance for Audit Committees****1. Purpose**

- 1.1** The purpose of this report is to advise members of the updated CIPFA guidance on Audit Committees within Local Authorities.

**2. Recommendations**

- It is recommended that Members note the updated guidance for Audit Committees and agree that the Chair of the Audit Committee reviews the updated guidance with support from the Chief Financial Officer and Shared Service Manager – Audit & Fraud which will inform an update on the Council's current arrangements to the Audit Committee and any required improvement actions to a future meeting of the Committee for consideration and approval.
- 2.1**

**3. Background**

- 3.1** CIPFA guidance for Audit Committees was updated in October 2022 in the publication "Audit Committees: Practical Guidance for Local Authorities and Police" (2022 Edition"). This publication represents CIPFA's view of best practice for audit committees in local authorities throughout the United Kingdom. The 2022 version contains some appendices, including:
- Self-Assessment of Good Practice; and
  - Evaluating the impact and effectiveness of the Audit Committee.
- 3.2** These appendices set out key areas for self-assessment and evaluation including Audit Committee Purpose and Governance; Functions of the Audit Committee; Membership and Support; and Effectiveness of the audit committee.
- 3.3** This CIPFA publication also includes a 2022 Position Statement on Audit Committees in local authorities which sets out roles and responsibilities and good practice principles for audit committees. In particular, CIPFA is clear that Audit Committees are a key component of an authority's governance framework, their purpose being to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The Position Statement also sets out the core functions of an audit committee being as follows:
- Maintenance of governance, risk and control arrangements;
  - Financial and governance reporting; and
  - Establishing appropriate and effective arrangements for audit and assurance.

- 3.4 CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective Audit Committee arrangements.
- 3.5 It is important that the Council's Audit Committee demonstrates a high level of compliance with best practice guidance on Audit Committees in order to ensure that it can evidence its effectiveness as a scrutiny body and as a foundation for strong corporate governance.

#### **4. Main Issues**

- 4.1 The CIPFA guidance for Audit Committees was last updated in 2018 and a full review of the guidance was undertaken by the Chair of the Audit Committee supported by the Audit & Risk Manager and an action plan was developed to implement improvements at that time.
- 4.2 Regular progress reports were provided to Audit Committee regarding the implementation status of agreed actions.
- 4.3 The updated 2022 guidance presents an opportunity to review current arrangements against the updated guidance to confirm ongoing compliance and identify any additional areas for improvement.

#### **5. People Implications**

- 5.1 There are no personnel implications with this report.

#### **6. Financial and Procurement Implications**

- 6.1 There are neither financial nor procurement implications with this report.

#### **7. Risk Analysis**

- 7.1 The review of the updated guidance will ensure that the Audit Committee will maximise the opportunity for effective scrutiny and to fulfil its governance role.

#### **8. Equalities Impact Assessment (EIA)**

- 8.1 There is no requirement to undertake an equality impact screening.

#### **9. Consultation**

- 9.1 This report has been subject to consultation with appropriate Chief Officers.

#### **10. Strategic Assessment**

- 10.1 This report relates to strong corporate governance.

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**Date: 18 January 2023**

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**Appendices:**

**Background Papers:** CIPFA Publication: “Audit Committees: Practical Guidance for Local Authorities and Police” (2022 Edition). Copies circulated to members.

**Wards Affected:** All